

FOREST HILLS METROPOLITAN DISTRICT

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2023

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Forest Hills Metropolitan District

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of Forest Hills Metropolitan District (the "District"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the District, as of December 31, 2023, and, the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("US GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit,
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements,
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed,
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements,
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to

be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of revenues, expenditures and changes in fund balance – actual and budget – debt service fund, schedule of revenues, expenditures and changes in fund balance – actual and budget – capital projects fund, schedule of revenues, expenditures and changes in fund balance – actual and budget – water and sewer fund, and ten-year summary of assessed valuation, mill levy and property taxes collected are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with US GAAS. In our opinion, the schedule of revenues, expenditures and changes in fund balance – actual and budget – debt service fund, schedule of revenues, expenditures and changes in fund balance – actual and budget – capital projects fund, schedule of revenues, expenditures and changes in fund balance – actual and budget – water and sewer fund, and ten-year summary of assessed valuation, mill levy and property taxes collected are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Matter

The financial statements of the District as of December 31, 2022 were audited by other auditors, whose report dated September 26, 2023, expressed an unmodified opinion on those statements.

Logan, Thomas + Johnson, LLC

Castle Rock, Colorado

October 28, 2024

Forest Hills Metropolitan District
Statement of Net Position
December 31, 2023

	<u>Governmental Activites</u>	<u>Business Type Activites</u>	<u>TOTAL</u>
ASSETS			
Cash and cash equivalents - unrestricted	\$ 242,010	\$ 44,636	\$ 286,646
Cash and cash equivalents - restricted	29,717	120,000	149,717
Receivable - County Treasurer	2,247	-	2,247
Property taxes receivable	608,278	-	608,278
Accounts receivable - net of allowance for doubtful accounts	-	11,986	11,986
Prepaid expenses	8,138	9,879	18,017
Due from other funds	84,623	-	84,623
Capital assets, net of depreciation	<u>1,434,251</u>	<u>2,973,317</u>	<u>4,407,568</u>
 Total assets	 <u>2,409,264</u>	 <u>3,159,818</u>	 <u>5,569,082</u>
LIABILITIES			
Accounts payable	22,727	17,384	40,111
Due to other funds	-	84,623	84,623
Deposits	1,000	-	1,000
Accrued interest payable	3,100	1,206	4,306
Notes payable:			
Due within one year	110,000	24,545	134,545
Due in more than one year	<u>1,402,000</u>	<u>491,910</u>	<u>1,893,910</u>
 Total liabilities	 <u>1,538,827</u>	 <u>619,668</u>	 <u>2,158,495</u>
DEFERRED INFLOWS OF RESOURCES			
Property tax revenue	<u>608,278</u>	<u>-</u>	<u>608,278</u>
 Total deferred inflows of resources	 <u>608,278</u>	 <u>-</u>	 <u>608,278</u>
NET POSITION			
Net investment in capital assets	(77,749)	2,456,862	2,379,113
Restricted for:			
Emergencies	12,420	-	12,420
Conservation trust fund	4,996	-	4,996
Debt service	11,417	-	11,417
Capital projects	4,536	-	4,536
Unrestricted	<u>306,539</u>	<u>83,288</u>	<u>389,827</u>
 Total net position	 <u>262,159</u>	 <u>2,540,150</u>	 <u>2,802,309</u>
 Total liabilities, deferred inflow of resources and net position	 <u>\$ 2,409,264</u>	 <u>\$ 3,159,818</u>	 <u>\$ 5,569,082</u>

The accompanying notes are an integral part of these financial statements

Forest Hills Metropolitan District
Statement of Net Position
December 31, 2022

	Governmental Activites	Business Type Activites	TOTAL
ASSETS			
Cash and cash equivalents - unrestricted	\$ 276,721	\$ 187,041	\$ 463,762
Cash and cash equivalents - restricted	149,688	-	149,688
Receivable - County Treasurer	2,247	-	2,247
Property taxes receivable	506,691	-	506,691
Accounts receivable - net of allowance for doubtful accounts	-	9,724	9,724
Prepaid expenses	8,314	7,449	15,763
Due from other funds	84,458	-	84,458
Capital assets, net of depreciation	1,215,873	3,060,209	4,276,082
Total assets	2,243,992	3,264,423	5,508,415
LIABILITIES			
Accounts payable	14,083	81,798	95,881
Due to other funds	-	84,458	84,458
Deposits	1,000	-	1,000
Accrued interest payable	3,319	1,302	4,621
Notes payable:			
Due within one year	107,000	23,325	130,325
Due in more than one year	1,512,000	516,957	2,028,957
Total liabilities	1,637,402	707,840	2,345,242
DEFERRED INFLOWS OF RESOURCES			
Property tax revenue	506,691	-	506,691
Total deferred inflows of resources	506,691	-	506,691
NET POSITION			
Net investment in capital assets	(403,127)	2,519,927	2,116,800
Restricted for:			
Emergencies	11,850	-	11,850
Conservation trust fund	4,204	-	4,204
Capital projects	140,063	-	140,063
Unrestricted	346,909	36,656	383,565
Total net position (deficit)	99,899	2,556,583	2,656,482
Total liabilities, deferred inflow of resources and net position	\$ 2,243,992	\$ 3,264,423	\$ 5,508,415

The accompanying notes are an integral part of these financial statements

Forest Hills Metropolitan District
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Service</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
PRIMARY GOVERNMENT:						
Governmental activities:						
General government	\$ 204,488	\$ -	\$ -	\$ (204,488)	\$ -	\$ (204,488)
Conservation trust funds	-	-	2,658	2,658	-	2,658
Depreciation	62,957	-	-	(62,957)	-	(62,957)
Interest and related costs on long-term debt	39,594	-	-	(39,594)	-	(39,594)
	<u>\$ 307,039</u>	<u>\$ -</u>	<u>\$ 2,658</u>	<u>\$ (304,381)</u>	<u>\$ -</u>	<u>\$ (304,381)</u>
Business-Type activities:						
Water and sewer	434,185	438,085	16,863	-	20,763	20,763
Depreciation	142,196	-	-	-	(142,196)	(142,196)
	<u>576,381</u>	<u>438,085</u>	<u>16,863</u>	<u>-</u>	<u>(121,433)</u>	<u>(121,433)</u>
General Revenues:						
Property taxes				506,692	-	506,692
Specific ownership taxes				36,260	-	36,260
Other income				28	-	28
Investment income				28,661	-	28,661
Transfers in (out)				(105,000)	105,000	-
Total general revenues and transfers				<u>466,641</u>	<u>105,000</u>	<u>571,641</u>
Change in net position				162,260	(16,433)	145,827
Net position - beginning of year				99,899	2,556,583	2,656,482
Net position - end of year				<u>\$ 262,159</u>	<u>\$ 2,540,150</u>	<u>\$ 2,802,309</u>

The accompanying notes are an integral part of these financial statements.

Forest Hills Metropolitan District
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022

<u>Functions/Programs</u>			<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Service</u>	<u>Operating Grants and Contributions</u>	<u>Primary Government</u>			
				<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
PRIMARY GOVERNMENT:							
Governmental activities:							
General government	\$ 176,716	\$ -	\$ -	\$ (176,716)	\$ -	\$ (176,716)	
Conservation trust funds	-	-	2,436	2,436	-	2,436	
Depreciation	48,068	-	-	(48,068)	-	(48,068)	
Interest and related costs on long-term debt	42,139	-	-	(42,139)	-	(42,139)	
	<u>\$ 266,923</u>	<u>\$ -</u>	<u>\$ 2,436</u>	<u>\$ (264,487)</u>	<u>\$ -</u>	<u>\$ (264,487)</u>	
Business-Type activities:							
Water and sewer	309,391	421,340	-	-	111,949	111,949	
Depreciation	126,136	-	-	-	(126,136)	(126,136)	
	<u>435,527</u>	<u>421,340</u>	<u>-</u>	<u>-</u>	<u>(14,187)</u>	<u>(14,187)</u>	
General Revenues:							
Property taxes				507,224	-	507,224	
Specific ownership taxes				34,891	-	34,891	
Other income				2,957	-	2,957	
Investment income				13,482	-	13,482	
Transfers in (out)				(100,000)	100,000	-	
Total general revenues and transfers				<u>458,554</u>	<u>100,000</u>	<u>558,554</u>	
Change in net position				194,067	85,813	279,880	
Net position (deficit) - beginning of year				(94,168)	2,470,770	2,376,602	
Net position - end of year				<u>\$ 99,899</u>	<u>\$ 2,556,583</u>	<u>\$ 2,656,482</u>	

The accompanying notes are an integral part of these financial statements

Forest Hills Metropolitan District
Governmental Funds Balance Sheet
and Reconciliation of Fund Balances to Net Position
December 31, 2023 and 2022

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>2023 Total</u>	<u>2022 Total</u>
ASSETS					
Cash and cash equivalents - unrestricted	\$ 242,010	\$ -	\$ -	\$ 242,010	276,721
Cash and cash equivalents - restricted	4,996	11,417	13,304	29,717	149,688
Receivable - County Treasurer	2,247	-	-	2,247	2,247
Property taxes receivable	452,619	155,659	-	608,278	506,691
Prepaid expenses	8,138	-	-	8,138	8,314
Due from other funds	84,623	-	-	84,623	84,458
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	794,633	167,076	13,304	975,013	1,028,119
LIABILITIES					
Accounts payable	13,959	-	8,768	22,727	14,083
Deposits	1,000	-	-	1,000	1,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	14,959	-	8,768	23,727	15,083
DEFERRED INFLOWS OF RESOURCES					
Property tax revenue	452,619	155,659	-	608,278	506,691
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	452,619	155,659	-	608,278	506,691
FUND BALANCE					
Nonspendable					
Prepaid expenses	8,138	-	-	8,138	8,314
Restricted for:					
Emergencies	12,420	-	-	12,420	11,850
Conservation trust fund	4,996	-	-	4,996	4,204
Debt service	-	11,417	-	11,417	6,197
Capital projects	-	-	4,536	4,536	140,063
Unrestricted	301,501	-	-	301,501	335,717
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	327,055	11,417	4,536	343,008	506,345
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities, deferred inflow of resources and fund balances	\$ 794,633	\$ 167,076	\$ 13,304	975,013	1,028,119
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total governmental fund balance per above				343,008	\$ 506,345
Amounts reported for governmental activities in the statement of net position excluded from the governmental fund balance because:					
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and are excluded from the funds				1,434,251	1,215,873
Long term liabilities not payable in the current year are excluded as liabilities in the government funds. Interest on long-term debt is recognized as an expenditure in governmental funds when due. These liabilities consist of:					
Bonds payable				(1,512,000)	(1,619,000)
Accrued interest payable				(3,100)	(3,319)
				<hr/>	<hr/>
Net position of governmental activities				\$ 262,159	\$ 99,899
				<hr/>	<hr/>

The accompanying notes are an integral part of these financial statements

Forest Hills Metropolitan District
Governmental Fund Revenues, Expenditures
and Changes in Fund Balances
December 31, 2023 and 2022

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>2023 Total</u>	<u>2022 Total</u>
REVENUES					
Property taxes	\$ 356,308	\$ 150,384	\$ -	\$ 506,692	507,224
Specific Ownership taxes	36,260	-	-	36,260	34,891
Conservation trust fund	2,658	-	-	2,658	2,436
Interest income	18,779	3,906	5,976	28,661	13,482
Other income	28	-	-	28	2,957
	<u>414,033</u>	<u>154,290</u>	<u>5,976</u>	<u>574,299</u>	<u>560,990</u>
EXPENDITURES					
Administration	25,336	-	-	25,336	24,728
Audit	4,000	-	-	4,000	3,350
Insurance and bonds	6,544	-	-	6,544	4,983
Legal	27,324	-	-	27,324	25,361
Office expenses	2,199	-	-	2,199	2,340
Maintenance	118,661	-	12,018	130,679	107,785
Capital Outlay	51,850	-	229,485	281,335	505,303
Treasurer's Fees	5,347	2,257	-	7,604	7,613
Miscellaneous	802	-	-	802	556
Debt Service				-	
Bond principal payments	-	107,000	-	107,000	105,000
Bond interest	-	39,813	-	39,813	42,354
	<u>242,063</u>	<u>149,070</u>	<u>241,503</u>	<u>632,636</u>	<u>829,373</u>
Excess (Deficiency) of Revenues over expenditures	<u>171,970</u>	<u>5,220</u>	<u>(235,527)</u>	<u>(58,337)</u>	<u>(268,383)</u>
Other financing sources (uses):					
Interfund transfers in (out)	<u>(205,000)</u>	<u>-</u>	<u>100,000</u>	<u>(105,000)</u>	<u>(100,000)</u>
	<u>(205,000)</u>	<u>-</u>	<u>100,000</u>	<u>(105,000)</u>	<u>(100,000)</u>
NET CHANGE IN FUND BALANCES	<u>(33,030)</u>	<u>5,220</u>	<u>(135,527)</u>	<u>(163,337)</u>	<u>(368,383)</u>
Fund balances:					
Beginning of the year	<u>360,085</u>	<u>6,197</u>	<u>140,063</u>	<u>506,345</u>	<u>874,728</u>
End of the year	<u>\$ 327,055</u>	<u>\$ 11,417</u>	<u>\$ 4,536</u>	<u>\$ 343,008</u>	<u>\$ 506,345</u>

The accompanying notes are an integral part of these financial statements

Forest Hills Metropolitan District
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Years December 31, 2023 and 2022

	2023	2022
Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balance - total governmental funds	\$ (163,337)	\$ (368,383)
<p>Governmental funds report capital outlays as expenditures. In the Statement of Activities, capital outlay is not reported as an expenditure; however, the Statement of Activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset:</p>		
Capital Outlay	281,335	505,303
Depreciation	(62,957)	(48,068)
<p>Long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds:</p>		
Taxable Loan principal reduction	107,000	105,000
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:</p>		
Change in accrued interest on long-term obligations	219	215
Change in net position of governmental activities	\$ 162,260	\$ 194,067

The accompanying notes are an integral part of these financial statements

Forest Hills Metropolitan District
Statement of Net Position
Water and Sewer Fund
December 31, 2023 and 2022

	Water and Sewer Fund	
	2023	2022
ASSETS		
Cash and cash equivalents - unrestricted	\$ 44,636	\$ 187,041
Cash and cash equivalents - restricted for debt service	120,000	-
Accounts receivable - net of allowance for doubtful accounts	11,986	9,724
Prepaid expenses	9,879	7,449
Capital assets, net of depreciation	2,973,317	3,060,209
Total assets	3,159,818	3,264,423
LIABILITIES		
Accounts payable	17,384	81,798
Due to other funds	84,623	84,458
Accrued interest payable	1,206	1,302
Loan payable:		
Due within one year	24,545	23,325
Due in more than one year	491,910	516,957
Total liabilities	619,668	707,840
NET POSITION		
Net investment in capital assets	2,456,862	2,519,927
Unrestricted	83,288	36,656
Total net position	2,540,150	2,556,583
Total liabilities and net position	\$ 3,159,818	\$ 3,264,423

The accompanying notes are an integral part of these financial statements

Forest Hills Metropolitan District
Statement of Revenues, Expenses and Changes in Net Position
Water and Sewer Fund
December 31, 2023 and 2022

	2023	2022
REVENUES		
Service charges - water	\$ 200,758	\$ 200,154
Service charges - sewer	217,546	213,016
Availability of service	960	960
Grant income	16,863	-
Infrastructure - Capital fee	11,100	-
Miscellaneous	7,721	7,210
	<u>454,948</u>	<u>421,340</u>
Total operating revenues		
OPERATING EXPENSES		
Administration	31,842	31,354
Insurance and bonds	5,083	5,028
Professional Fees	29,430	3,459
Plant Operations	111,558	114,570
Utilities	33,737	31,342
Repairs and maintenance	190,794	93,079
Allocated overhead and other expenses	11,489	9,659
Water rights annual compliance	7,068	6,881
Depreciation	142,196	126,136
	<u>563,197</u>	<u>421,508</u>
Total operating expenses		
NET OPERATING LOSS	<u>(108,249)</u>	<u>(168)</u>
NON-OPERATING REVENUES (EXPENSES)		
Transfer in and loan from General Fund	105,000	100,000
Interest expense	(13,184)	(14,019)
	<u>91,816</u>	<u>85,981</u>
Total non-operating revenues (expenses)		
CHANGE IN NET POSITION	(16,433)	85,813
NET POSITION - BEGINNING OF YEAR	<u>2,556,583</u>	<u>2,470,770</u>
NET POSITION - END OF YEAR	<u>\$ 2,540,150</u>	<u>\$ 2,556,583</u>

The accompanying notes are an integral part of these financial statements

Forest Hills Metropolitan District
Statement of Cash Flows
Water and Sewer Fund
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 452,686	\$ 419,509
Cash payments to suppliers for goods and services	<u>(487,776)</u>	<u>(242,195)</u>
Net cash from operating activities	<u>(35,090)</u>	<u>177,314</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	<u>(55,304)</u>	<u>(739,262)</u>
Net cash from investing activities	<u>(55,304)</u>	<u>(739,262)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfer from other funds	<u>-</u>	<u>35,000</u>
Net cash from non-capital financing activities	<u>-</u>	<u>35,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash received from General Fund loan	105,000	65,000
Cash received from DWRP loan proceeds	-	640,148
Payments of principal and reduction on long-term debt	(23,827)	(88,482)
Payments of interest on long-term debt	<u>(13,184)</u>	<u>(14,019)</u>
Net cash from capital and related financing activities	<u>67,989</u>	<u>602,647</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(22,405)</u>	<u>75,699</u>
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>187,041</u>	<u>111,342</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 164,636</u>	<u>\$ 187,041</u>
RECONCILIATION OF NET OPERATING LOSS TO		
NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES:		
Operating loss	\$ (108,249)	\$ (168)
Adjustments to reconcile operating loss to net cash provided by (used by) operating activities:		
Depreciation	142,196	126,136
Changes in operating assets and liabilities:		
Change in accounts receivable	(2,262)	(1,831)
Change in prepaid expense	(2,430)	(6,723)
Change in accounts payable	<u>(64,345)</u>	<u>59,900</u>
Total adjustments	<u>73,159</u>	<u>177,482</u>
NET CASH FROM OPERATING ACTIVITIES	<u>\$ (35,090)</u>	<u>\$ 177,314</u>
CASH AND CASH EQUIVALENTS - STATEMENT OF NET POSITION		
Cash and cash equivalents - unrestricted	\$ 44,636	\$ 187,041
Cash and cash equivalents - restricted	<u>120,000</u>	<u>-</u>
CASH AND CASH EQUIVALENTS - STATEMENT OF CASH FLOWS	<u>\$ 164,636</u>	<u>\$ 187,041</u>

The accompanying notes are an integral part of these financial statements

Forest Hills Metropolitan District
Statement of Revenues, Expenditures and Changes
in Fund Balance - Actual and Budget - General Fund
For the Year Ended December 31, 2023

	BUDGETED AMOUNTS		Actual	Variance Favorable (Unfavorable)
	Original	Amended		
REVENUES				
Property taxes	\$ 356,307	\$ 356,307	\$ 356,308	\$ 1
Specific Ownership taxes	20,000	20,000	36,260	16,260
Conservation trust fund	2,000	2,000	2,658	658
Interest income	1,000	1,000	18,779	17,779
Loan payment - Water/Sewer Fund	14,300	14,300	-	(14,300)
Other income	-	-	28	28
	<u>393,607</u>	<u>393,607</u>	<u>414,033</u>	<u>20,426</u>
Total General Revenues				
EXPENDITURES				
Administration	25,200	25,200	25,336	(136)
Audit	4,000	4,000	4,000	-
Insurance and bonds	6,000	6,000	6,544	(544)
Legal and professional fees	31,000	31,000	27,324	3,676
Office expenses	4,400	4,400	2,199	2,201
Maintenance	139,000	139,000	118,661	20,339
Capital Outlay	100,000	100,000	51,850	48,150
Treasurer's Fees	5,350	5,350	5,347	3
Loan to Water/Sewer Fund	-	105,000	105,000	-
Transfer to Capital Projects fund	100,000	100,000	100,000	-
Miscellaneous	-	-	802	(802)
	<u>414,950</u>	<u>519,950</u>	<u>447,063</u>	<u>72,887</u>
Total Expenditures				
Excess (Deficiency) of Revenues over expenditures	<u>(21,343)</u>	<u>(126,343)</u>	<u>(33,030)</u>	<u>93,313</u>
FUND BALANCE - BEGINNING OF YEAR	260,150	208,683	360,085	151,402
FUND BALANCE - END OF YEAR	<u>\$ 238,807</u>	<u>\$ 82,340</u>	<u>\$ 327,055</u>	<u>\$ 244,715</u>

The accompanying notes are an integral part of these financial statements

Forest Hills Metropolitan District
Notes to Financial Statements
December 31, 2023 and 2022

1. Definition of Reporting Entity

Forest Hills Metropolitan District (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, is governed pursuant to provisions of the Colorado Special District Act (Title 32). The District was established to develop and provide water and sanitation facilities and services. Additional projects include construction of roads and recreational facilities. The District's primary revenues and property taxes, water charges and sewer charges. The District is governed by an elected Board of Directors.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization and a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District has no employees and contracts for all of its management and professional services.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

2. Summary of Significant Accounting Policies

The more significant accounting policies of the District are described as follows:

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. The financial statements include all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities are normally supported by property taxes collected. Both statements distinguish between governmental activities, which normally are supported by taxes and business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position reports all financial and capital resources of the District. The difference between the assets and liabilities of the District is reported as net position.

Forest Hills Metropolitan District
Notes to Financial Statements
December 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Expenditures for redemption of bonds are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation paid.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities and is included with the general fund in the financial statements.

Forest Hills Metropolitan District
Notes to Financial Statements
December 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

The District reports the following major proprietary fund:

The Water and Sewer Fund accounts for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's ongoing operations. Operating revenues consist of charges to customers for services provided. Operating expenses for proprietary funds include the cost of services, administrative expenses, and depreciation of assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions. The District's proprietary fund consists of the Water and Sewer Fund.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes received from other governmental activities.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund presented on the modified accrual basis of accounting.

Forest Hills Metropolitan District
Notes to Financial Statements
December 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Statement of Cash Flows

For purposes of the statement of cash flows, the District considers cash deposits with a maturity of three months or less to be cash equivalents. During 2023 and 2022, the District did not incur any noncash activities.

Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2023 and 2022 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a minimum number of bank accounts. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each funds' average equity balance in the total cash.

Estimates

The preparation of these financial statements in conformity with Accounting Standards Generally Accepted in the United States (GAAP) requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Forest Hills Metropolitan District
Notes to Financial Statements
December 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bonds payable are reported net of the applicable bond premium or discount.

Bond Issue Costs

In the government-wide and fund financial statements, bond issuance costs are recognized as expenses during the period incurred.

Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of the donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the assets are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable using the straight-line method. Depreciation on property that will remain for assets of the District is reported on the Statement of Activities as a current charge.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Water and sewer systems	50 years
Telemetry system	15 years
Streets and recreation	25 – 30 years

Forest Hills Metropolitan District
Notes to Financial Statements
December 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Property Tax

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred revenue in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

Fund Equity

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable fund balance* - The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- *Restricted fund balance* - The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Forest Hills Metropolitan District
Notes to Financial Statements
December 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

- *Committed fund balance* - The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

- *Assigned fund balance* - The portion of fund balance that is constrained by the government's intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

- *Unassigned fund balance* - The residual portion of fund balance that does not meet any of the criteria described above. If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's policy to use the most restrictive classification first.

Subsequent Events

The District has evaluated subsequent events through October 28, 2024, the date which the financial statements were available to be issued. During this period, the District was not aware of any material recognizable subsequent events.

3. Cash and Investments

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

**Forest Hills Metropolitan District
Notes to Financial Statements
December 31, 2023 and 2022**

3. Cash and Investments (continued)

A portion of the funds on hand in the Debt Service Fund are assigned for future debt service.

As of December 31, 2023 and 2022, the District's cash deposits had a carrying balance of \$436,363 and \$613,450, respectively. The bank balance at December 31, 2023 and 2022 is \$436,618 and \$609,752, respectively, of which \$168,893 and \$192,746, respectively, was FDIC insured.

	2023	2022
Cash and cash equivalents - unrestricted	\$ 286,646	\$ 463,762
Cash and cash equivalents - restricted	149,717	149,688
Total	\$ 436,363	\$ 613,450

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the United States, certain U.S. government agency securities and the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Bankers acceptances of certain banks
- Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- Guaranteed investment contracts

**Forest Hills Metropolitan District
Notes to Financial Statements
December 31, 2023 and 2022**

3. Cash and Investments (continued)

Local government investment pools

As of December 31, 2023, the District had the following investments:

<u>Investment:</u>	<u>Maturity:</u>	<u>Net Asset Value:</u>
COLOTRUST	Weighted average under 60 days	\$267,726

As of December 31, 2022, the District had the following investments:

<u>Investment:</u>	<u>Maturity:</u>	<u>Net Asset Value:</u>
COLOTRUST	Weighted average under 60 days	\$417,006

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust’s portfolios pursuant to a custodian agreement.

The custodian acts as a safekeeping agent for the Trust’s investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records segregate investments owned by the Trust.

COLOTRUST is rated AAAM by Standard & Poor’s. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Forest Hills Metropolitan District
Notes to Financial Statements
December 31, 2023 and 2022

4. Capital Assets (continued)

Depreciation expense charged in 2023 to the governmental and enterprise functions of the District were \$62,957 and \$142,196, respectively.

An analysis of the changes in net capital assets during 2022 follows:

	<u>Balance 12/31/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2022</u>
Governmental Activities				
Capital assets not being				
Depreciated:				
Erosion System	\$ 61,089	\$ -	\$ -	\$ 61,089
Construction in Progress	125,425	-	(125,425)	-
Total capital assets not being				
Depreciated	186,514	-	(125,425)	61,089
Capital assets being depreciated:				
Streets	1,956,113	505,303	110,492	2,571,908
Landscaping/Fire Mitigation	152,955	-	14,933	167,888
Recreation	389,793	-	-	389,793
Total capital assets being deprec.	2,498,861	505,303	125,425	3,129,589
Accumulated Depreciation	(1,926,737)	(48,068)	-	(1,974,805)
Net capital assets being deprec.	572,124	457,235	125,425	1,154,784
Governmental assets, net	\$ 758,638	\$ 457,235	\$ -	\$ 1,215,873
				(1,619,000)
				\$ (403,127)

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Forest Hills Metropolitan District
Notes to Financial Statements
December 31, 2023 and 2022

4. Capital Assets (continued)

	<u>Balance 12/31/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2022</u>
Business-Type Activities				
Capital assets not being Depreciated:				
Construction in Progress	\$ 75,203	\$ 162,916	\$ (75,203)	\$ 162,916
Total capital assets not being Depreciated	<u>75,203</u>	<u>162,916</u>	<u>(75,203)</u>	<u>162,916</u>
Capital assets being depreciated:				
Water System	2,589,516	576,346	75,203	3,241,065
Sewer System	2,693,502	-	-	2,693,502
Total capital assets being deprec.	<u>5,283,018</u>	<u>576,346</u>	<u>75,203</u>	<u>5,934,567</u>
Accumulated Depreciation	<u>(2,911,138)</u>	<u>(126,136)</u>	<u>-</u>	<u>(3,037,274)</u>
Net capital assets being deprec.	<u>2,371,880</u>	<u>450,210</u>	<u>75,203</u>	<u>2,897,293</u>
Business-Type assets, net	<u>\$ 2,447,083</u>	<u>\$ 613,126</u>	<u>\$ -</u>	<u>\$ 3,060,209</u>
		Less: outstanding capital debt used to purchase assets		<u>(540,282)</u>
		Net investment in capital assets		<u>\$ 2,519,927</u>

Depreciation expense charged in 2022 to the governmental and enterprise functions of the District were \$48,068 and \$126,136, respectively.

5. Long-Term Liabilities

The following is an analysis of changes in the District's long-term debt for the governmental activities of the District for the years ended December 31, 2023 and 2022:

	<u>Balance 12/31/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2023</u>	<u>Current Portion</u>
Governmental Activities					
Tax Free Refunding Bond Series 2020A	\$ 1,045,000	\$ -	\$ -	\$ 1,045,000	\$ -
Tax Free Refunding Bond Series 2020B	574,000	-	(107,000)	467,000	110,000
	<u>\$ 1,619,000</u>	<u>\$ -</u>	<u>\$ (107,000)</u>	<u>\$ 1,512,000</u>	<u>\$ 110,000</u>

Forest Hills Metropolitan District
Notes to Financial Statements
December 31, 2023 and 2022

5. Long-Term Liabilities (continued)

<u>Governmental Activities</u>	<u>Balance 12/31/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2022</u>	<u>Current Portion</u>
Tax Free Refunding Bond Series 2020A	\$ 1,045,000	\$ -	\$ -	\$ 1,045,000	\$ -
Tax Free Refunding Bond Series 2020B	679,000	-	(105,000)	574,000	107,000
	<u>\$ 1,724,000</u>	<u>\$ -</u>	<u>\$ (105,000)</u>	<u>\$ 1,619,000</u>	<u>\$107,000</u>

Tax Free Refunding Bond, Series 2020

On December 11, 2020, the District issued \$1,045,000 of Tax Free Refunding Bonds Series 2020A to current refund all of the Series 2009 Bonds. The Series 2020 bonds carry an interest rate of 2.46% and mature annually commencing in 2021 through 2035 with interest payable on June 1st and December 1st and principal payable on December 1st. The bonds may be prepaid at any time, subject to yield maintenance. In the event of a prepayment, the District shall compensate the Bank for any loss, cost, and expense attributable to the Bank's interest rate exposure associated with the principal prepayment.

Taxable Bond, Series 2020B

On December 11, 2020, the District issued \$783,000 of Taxable Bonds Series 2020B for the purpose of funding additional public improvements in the District and for costs of issuance associated with the Bonds. The Series 2020B bonds carries an interest rate of 2.46% and mature annually commencing in 2021 through 2035 with interest payable on June 1st and December 1st and principal payable on December 1st. The bonds may be prepaid at any time, subject to yield maintenance. In the event of a prepayment, the District shall compensate the Bank for any loss, cost, and expense attributable to the Bank's interest rate exposure associated with the principal prepayment.

Forest Hills Metropolitan District
Notes to Financial Statements
December 31, 2023 and 2022

5. Long-Term Liabilities (continued)

Bond requirements to maturity are as follows:

	Principal	Interest	Total
2024	\$ 110,000	\$ 37,195	\$ 147,195
2025	113,000	34,489	147,489
2026	115,000	31,709	146,709
2027	118,000	28,880	146,880
2028	121,000	25,978	146,978
2029-2033	651,000	83,763	734,763
2034-2035	284,000	10,529	294,529
Total	\$ 1,512,000	\$ 252,543	\$1,764,543

The following is an analysis of changes in the District’s long-term debt for the enterprise activities of the District for the years ended December 31, 2023 and 2022:

<u>Business-Type Activities</u>	<u>Balance 12/31/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2023</u>	<u>Current Portion</u>
2020 CWR & PDA Loans	\$ 458,800	\$ -	\$ (20,466)	\$ 438,334	\$ 20,981
2021 CWR & PDA Loans	81,482	-	(3,361)	78,121	3,564
	<u>\$ 540,282</u>	<u>\$ -</u>	<u>\$ (23,827)</u>	<u>\$ 516,455</u>	<u>\$ 24,545</u>

<u>Business-Type Activities</u>	<u>Balance 12/31/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2022</u>	<u>Current Portion</u>
2020 CWR & PDA Loans	\$ 478,764	\$ -	\$ (19,964)	\$ 458,800	\$ 19,964
2021 CWR & PDA Loans	150,000	-	(68,518)	81,482	3,361
	<u>\$ 628,764</u>	<u>\$ -</u>	<u>\$ (88,482)</u>	<u>\$ 540,282</u>	<u>\$ 23,325</u>

Drinking Water Revolving Fund Direct Loan

On September 30, 2020, the District entered into a loan agreement (the “Agreement”) with the Colorado Water Resource and Power Development Authority (“CWR & PDA”) for a principal amount of \$490,148. The loan accrues interest at 2.5% and is payable in semi-annual principal and interest payments beginning on May 1, 2021. The loan is secured by the net revenues of the District, as defined within the Agreement.

**Forest Hills Metropolitan District
Notes to Financial Statements
December 31, 2023 and 2022**

5. Long-Term Liabilities (continued)

Loan requirements to maturity are as follows:

	Principal		Interest		Total
2024	\$ 20,981		\$ 10,828		\$ 31,809
2025	21,509		10,300		31,809
2026	22,050		9,759		31,809
2027	22,604		9,205		31,809
2028	23,173		8,636		31,809
2029-2033	124,909		34,136		159,045
2034-2038	141,430		17,615		159,045
2039-2040	61,678		1,940		63,618
Total	\$ 438,334		\$ 102,419		\$ 540,753

Supplemental Drinking Water Revolving Fund Direct Loan

On May 27, 2021 the District entered into a supplemental loan agreement (the “Agreement”) with the Colorado Water Resource and Power Development Authority (“CWR & PDA”) for a principal amount of \$150,000. The loan accrues interest at 2.5% and is payable in semi-annual principal and interest payments beginning on May 1, 2022. The loan is secured by the net revenues of the District, as defined within the Agreement.

Loan requirements to maturity are as follows:

	Principal		Interest		Total
2024	\$ 3,564		\$ 1,738		\$ 5,302
2025	3,645		1,657		5,302
2026	3,727		1,575		5,302
2027	3,811		1,491		5,302
2028	3,898		1,404		5,302
2029-2033	20,854		5,657		26,511
2034-2038	23,322		3,189		26,511
2039-2041	15,300		606		15,906
Total	\$ 78,121		\$ 17,317		\$ 95,438

As of December 31, 2023, the District had no voted debt. The District has not budgeted to issue any additional debt in 2024.

Forest Hills Metropolitan District
Notes to Financial Statements
December 31, 2023 and 2022

6. Net Position

The District has net position consisting of three components – net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds attributable to the acquisition, construction, or improvement of those assets, excluding unspent bond proceeds. As of December 31, 2023, and 2022, the District had a net investment in capital assets in the amount of \$2,379,113 and \$2,116,800, respectively.

Restricted net position includes net position that is restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2023 and 2022 as follows:

	2023	2022
Emergencies (See Note 8)	\$ 12,420	\$ 11,850
Conservation Trust Fund	4,996	4,204
Debt Service (see Note 5)	11,417	140,063
Capital Projects	4,536	-
Total	\$ 33,369	\$ 156,117

The District's unrestricted net position as of December 31, 2023 totaled \$389,827. The District's unrestricted net position as of December 31, 2022 totaled \$383,565.

7. Risk Management

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

Forest Hills Metropolitan District
Notes to Financial Statements
December 31, 2023 and 2022

8. Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR) contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned business authorized to issue revenue bonds and receiving less than 10% of annual revenue from grants from all state and local governments combined, are excluded from the provisions of TABOR. The District's management believes a significant portion of its operations qualify for this exclusion.

Supplementary Information

Forest Hills Metropolitan District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Actual and Budget- Debt Service Fund
For the Year Ended December 31, 2023

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Property taxes	\$ 150,384	\$ 150,384	\$ -
Interest income	50	3,906	3,856
Total Revenues	<u>150,434</u>	<u>154,290</u>	<u>3,856</u>
EXPENDITURES			
Treasurer's Fees	2,500	2,257	243
Bond principal payments	107,000	107,000	-
Bond interest	<u>39,827</u>	<u>39,813</u>	<u>14</u>
Total Expenditures	<u>149,327</u>	<u>149,070</u>	<u>257</u>
Excess	<u>1,107</u>	<u>5,220</u>	<u>4,113</u>
FUND BALANCE - BEGINNING OF YEAR	5,362	6,197	835
FUND BALANCE - END OF YEAR	<u>\$ 6,469</u>	<u>\$ 11,417</u>	<u>\$ 4,948</u>

Forest Hills Metropolitan District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Actual and Budget- Capital Projects Fund
For the Year Ended December 31, 2023

	BUDGETED AMOUNTS		Actual	Variance Favorable (Unfavorable)
	Original	Amended		
REVENUES				
Transfer from General Fund	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Interest income	<u>2,000</u>	<u>2,000</u>	<u>5,976</u>	<u>3,976</u>
Total Revenues	<u>102,000</u>	<u>102,000</u>	<u>105,976</u>	<u>3,976</u>
EXPENDITURES				
Maintenance and repairs	-	12,018	12,018	(12,018)
Capital outlay	<u>-</u>	<u>229,485</u>	<u>229,485</u>	<u>(229,485)</u>
Total Expenditures	<u>-</u>	<u>241,503</u>	<u>241,503</u>	<u>(241,503)</u>
Excess (Deficiency)	<u>102,000</u>	<u>(139,503)</u>	<u>(135,527)</u>	<u>(237,527)</u>
FUND BALANCE - BEGINNING OF YEAR	76,692	76,692	140,063	63,371
FUND BALANCE - END OF YEAR	<u>\$ 178,692</u>	<u>\$ (62,811)</u>	<u>\$ 4,536</u>	<u>\$ (174,156)</u>

Forest Hills Metropolitan District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Actual and Budget- Water and Sewer Fund
For the Year Ended December 31, 2023

	<u>BUDGETED AMOUNTS</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Amended</u>		<u>Favorable (Unfavorable)</u>
REVENUES				
Water service fees	\$ 189,943	\$ 189,943	\$ 165,173	\$ (24,770)
Sewer service fees	250,203	250,203	217,546	(32,657)
Water use fees	53,102	53,102	35,585	(17,517)
Availability of service	720	720	960	240
Grant income	-	-	16,863	16,863
Loan (1% interest) - 5 years - General Fund	-	-	105,000	105,000
Infrastructure - Capital Fee	-	-	11,100	11,100
Miscellaneous income	5,000	5,000	7,721	2,721
	<u>498,968</u>	<u>498,968</u>	<u>559,948</u>	<u>60,980</u>
Total Revenues				
EXPENDITURES				
Administration	33,200	33,200	31,842	1,358
Insurance and bonds	6,000	6,000	5,083	917
Professional Fees	5,000	5,000	29,430	(24,430)
Plant Operations	116,930	116,930	111,558	5,372
Utilities	35,000	35,000	33,737	1,263
Repairs and maintenance	162,820	162,820	190,794	(27,974)
Capital outlay	77,044	77,044	55,304	21,740
Allocated overhead and other expenses	12,720	12,720	11,489	1,231
Interest expense	51,645	51,645	13,184	38,461
Water rights annual compliance	6,500	6,500	7,068	(568)
	<u>506,859</u>	<u>506,859</u>	<u>489,489</u>	<u>17,370</u>
Total Expenditures				
Excess (Deficiency) non-GAAP basis	<u>(7,891)</u>	<u>(7,891)</u>	<u>70,459</u>	<u>43,610</u>
Reconciling differences between budgetary basis and generally accepted accounting principles (GAAP):				
Depreciation expense			(142,196)	
Capital asset additions			<u>55,304</u>	
Changes in net position per Statement of Revenues and Expenses and Changes in Net Position			<u>\$ (16,433)</u>	

Forest Hills Metropolitan District
SUMMARY OF ASSESSED VALUATION, MILL LEVY
AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2023

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mills Levied</u>	<u>Total Property Taxes</u>		<u>Percent Collected to Levied</u>
			<u>Levied</u>	<u>Collected</u>	
2015	8,658,652	57.785	500,340	500,340	100.00%
2016	8,747,778	57.785	505,490	507,868	100.47%
2017	8,746,265	60.785	531,642	530,367	99.76%
2018	8,958,166	60.785	544,522	544,523	100.00%
2019	8,963,176	59.785	535,864	535,864	100.00%
2020	9,267,027	56.285	522,101	525,464	100.64%
2021	9,291,512	50.310	467,455	467,457	100.00%
2022	10,456,000	48.610	508,266	507,224	99.79%
2023	10,161,049	49.866	506,691	506,692	100.00%

Estimate for the year ended December 31:

2024	12,452,724	48.847	608,278		
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NOTE:

Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years. Information received from the County Treasurers does not permit identification of specific year of assessment.